

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7417**

**BILL NUMBER:** SB 495

**NOTE PREPARED:** Feb 14, 2011

**BILL AMENDED:** Feb 14, 2011

**SUBJECT:** Lawsuits by school corporations.

**FIRST AUTHOR:** Sen. Kruse

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:**      **GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** (Amended) This bill prohibits the governing body of a school corporation from using funds received from the state to bring or join in an action against the state unless the school corporation is challenging an adverse decision by a state agency, board, or commission..

**Effective Date:** July 1, 2011.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** (Revised) Local schools would have to use non-state funds if they were to pursue a lawsuit against the state, unless the school is challenging an adverse decision by a state agency, board, or commission. Since approximately 93% of the school's general fund revenue comes from state appropriations, the school general fund probably could not be used to pay the costs of the lawsuit.

*Background:* The State currently has a school formula lawsuit pending that has been brought by three school corporations.

**Explanation of Local Revenues:**

**State Agencies Affected:**

**Local Agencies Affected:** Local schools.

**Information Sources:**

**Fiscal Analyst:** Chuck Mayfield, 317-232-4825.